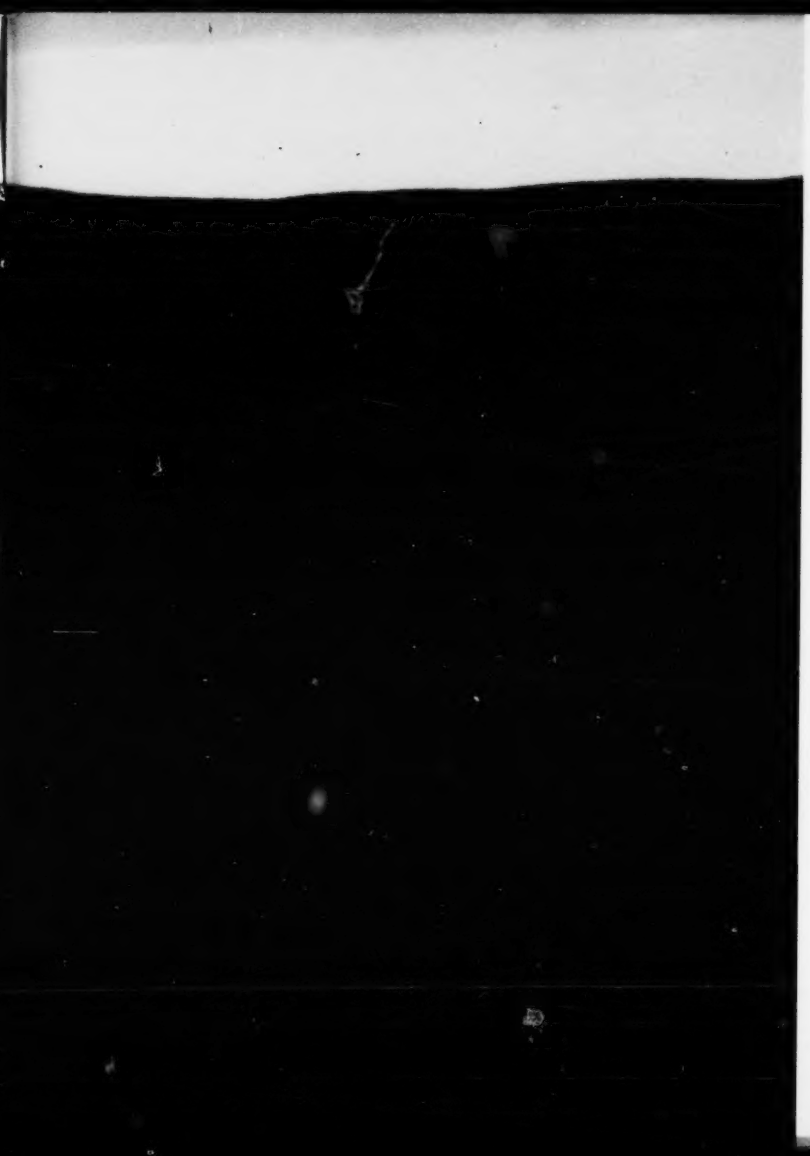
TOURISM SASKATCHEWAN

2006/2007 ANNUAL REPORT

Tourism figures released in 2007 reinforced the industry's importance. Well over $1 billion is contributed annually to the Saskatchewan economy. Export revenues exceed $500 million. This makes tourism the province's fourth largest export industry.

There is significant potential for industry growth and development. We boast 100,000 lakes, extraordinary natural beauty, and a wealth of tourism assets, including a rich history, diverse culture, over 4,300 attractions, events and tourism-related businesses, and a welcoming population eager to showcase their home to travellers from across Canada and the rest of the world. But are we ready to host a profusion of visitors? What challenges stand in the way of progress? What is needed to advance Saskatchewan's tourism industry from *Good to Great*?



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2007 in Review

2006/2007 Fiscal Year, ending September 30, 2007

For Tourism Saskatchewan, 2007 would offer the interesting dynamics that accompany change and transition. From November until mid-June, Acting President Carol Lumb and Tourism Saskatchewan's management team ensured smooth day to day operations and delivery of services, while a search for a new President/CEO was underway. In that time, Tourism Saskatchewan celebrated success with events such as the second annual *Tourism Marketing Forum*, which received favourable feedback from 100% of participants; the annual Spring Conference, examining the *Culture of Tourism*; and *Tourism Awareness Week* celebrations, during which Tourism Saskatchewan, the Tourism Regions and City Marketing Organizations (CMOs) spread the word about the importance of our industry.

The year marked progress in the *Tourism Community Champions* program and in *Destination Area Planning* initiatives. Upgrades to both consumer and industry websites were designed. Action was taken on a *Trade Development Strategy*. A new and improved *SaskSecrets*, Tourism Saskatchewan's online newsletter, was launched, reaching 27,000 subscribers each month. Improvements to visitor services included a live chat application on our consumer website. At the time of launch in April, Tourism Saskatchewan was one of the first tourism offices in Canada to offer this feature.

In the final quarter of the year, under the leadership of Dr. Lynda Haverstock, renewed energy and enthusiasm among the industry gained momentum with the announcement, by the Government of Saskatchewan, of the first provincial *Summit on Tourism*.

During 2006/2007, the tourism industry endured challenges such as rising gas prices, a strong Canadian dollar, confusion over United States passport legislation, and a downward trend in U.S. outbound travel. The impact of labour shortages was clearly evident. Unemployment in Saskatchewan hit a low of 4.8 per cent. The number of employed in the industry dropped by nearly 5,000 – not because of fewer jobs, but due to fewer people being available for those jobs.

At the same time, some sectors of the industry reported positive figures. Hotel occupancy figures and average room rates, in both Regina and Saskatoon, reported increases. Airport figures for the two cities were strong. Saskatchewan parks experienced yet another successful season.

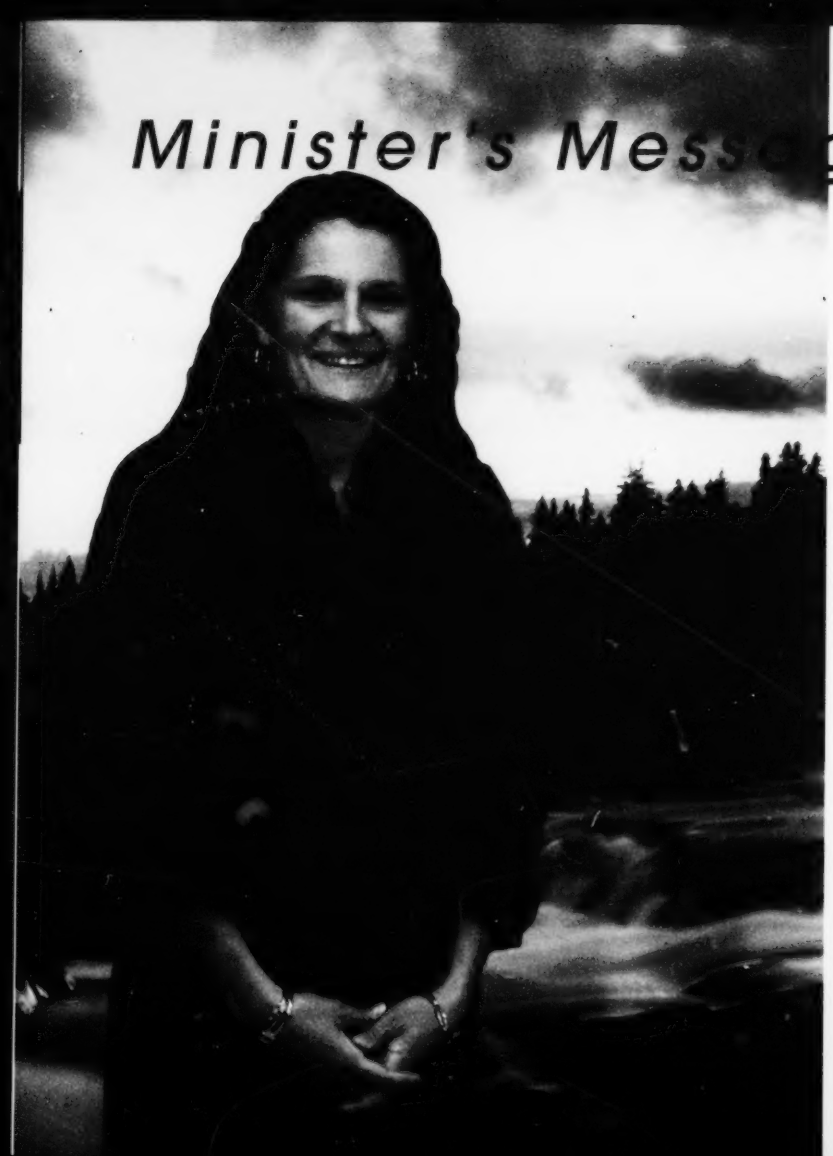
After aggressive lobbying, positive results occurred with the Federal Government's reinstatement of the Goods and Services Tax exemption on specific products and offerings. Consideration of the industry was also demonstrated with the appointment of a Secretary of State for Tourism. Provincial investment in the industry was evident through such programs as the Building Communities program and the Transportation for Economic Advantage strategy. The first *Saskatchewan Summit on Tourism* provided a valuable platform from which industry was able to address government leaders.

Tourism Saskatchewan was successful, once again, in fulfilling its mandated operational obligations, providing core support to the five Tourism Regions and two CMOs, managing Visitor Reception Centres, supporting the Saskatchewan Tourism Education Council (STEC) in the delivery of training and education programs, publishing a series of Saskatchewan travel guides, and marketing Saskatchewan to the rest of Canada and to the world.

VALUES OF TOURISM SASKATCHEWAN

- We believe in providing leadership through excellence in marketing and developing Saskatchewan's tourism potential.
- We believe in the power of teamwork, while respecting individual differences.
- We believe in conducting ourselves responsibly and with integrity in all endeavours.
- We believe in accountability, loyalty and commitment to our partners, our members and ourselves.
- We believe in responding creatively to member needs and business opportunities.
- We believe in contributing to the social, environmental and economic well-being of our province.
- We believe that the wisdom of Elders can provide us with guidance in the appreciation of our natural heritage.
- We believe in adapting enthusiastically to future challenges and opportunities.

Minister's Message



The citizens of Saskatchewan are a people with proud traditions, a vibrant and diverse culture, and a rewarding way of life. Our province is rich with history and a natural beauty that never ceases to surprise us in new ways—and it beckons with the promise of a future that knows no limits.

Our provincial tourism industry is an expression of the sum total of Saskatchewan's distinct combination of qualities. You will find this particular combination nowhere else in the world.

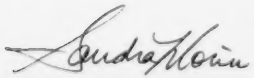
Although tourism is a nearly $1.5 billion industry, directly and indirectly employing many thousands of people, its impact in Saskatchewan quite simply goes beyond revenue and jobs. Tourism sustains our identity, contributes to our reputation with visitors from around the world, defines our character, and keeps our history alive and vibrant for new generations.

Moreover, it adds immeasurably to the quality of life that we enjoy, and encourages appreciation for our many assets, both natural and man-made, by ourselves and our guests.

There is no question that tourism engages communities, businesses, and regions from every corner of the province. It is also clear that the only limits to what we can do to continue promoting and developing tourism opportunities are those we place on ourselves.

These are opportunities not only in an economic sense, but in a cultural and social sense—made real by working together creatively and with a single great purpose in mind. It is work of conspicuous importance to everyone who knows and loves this province and its matchless character.

Best wishes for the year ahead, and those beyond, as we build on our momentum and bring Saskatchewan to the world.



Government of Saskatchewan

Honourable Sandra Morin
Minister Responsible for Tourism

DUAL ACCOUNTABILITY

As a sector-based organization, Tourism Saskatchewan is dually accountable. In the delivery of its strategic business operations, management is responsible for ensuring that Tourism Saskatchewan meets the requirements of eight legislated functions and responds to the policy-based form of governance outlined by the Board of Directors.

LEGISLATED FUNCTIONS

Tourism Saskatchewan was created in 1994, the result of recommendations and supporting work by an industry/government taskforce. Government legislation was passed in support of the new model, and the Tourism Act was revised in 1996 to effectively represent the merging of TISASK, the Saskatchewan Tourism Education Council (STEC), and the product development area of the provincial government with Tourism Saskatchewan.

Identified in The Tourism Act are eight legislated functions that comprise Tourism Saskatchewan's core mandate:

1. The marketing of tourism;
2. The provision of visitor and information services;
3. The education and training of those working in the tourism industry;
4. The planning and development of destination areas;
5. The administration of tourism funding programs;
6. Research and policy development in tourism;
7. Public awareness of tourism; and
8. The development and promotion of tourism in Saskatchewan.

Message from the Chair

Simply the BEST! – that's how I wish to describe the past year. It was a time of transition, innovation, engagement, inclusion, reshaping and fostering the creativity of our Tourism Saskatchewan product and people.

Carol Lumb did an exemplary job as she embraced the role of Acting President/CEO. She worked closely with our members, committees, staff, sponsors and partners at all levels to formulate and execute direction.

The Board of Directors identified a need to be responsive to the industry, and we responded. National recognition and exposure rose dramatically when the Board hired Dr. Lynda Haverstock as our new President/CEO. Dr. Haverstock hit the ground sprinting - a significant advocacy win occurred under her leadership efforts to deliver the first ever provincial *Summit on Tourism. Good To Great* was a resounding success and showcased her distinct abilities to foster growth and change.

In addition, Dr. Haverstock and her talented staff initiated an innovative and groundbreaking partnership for the 2008 Spring Conference and Trade Show, joining with the Saskatchewan Hotel and Hospitality Association, and the Saskatchewan Outfitters Association. She will continue to drive forward this industry with passion, intellect and first-class performance.

Saskatchewan has not gone unnoticed on another National level. Our arrival on the cultural mainstage was celebrated by hosting the 2007 *Juno Awards*, the *Canadian Country Music Awards*, the *Western Canadian Music Awards*, the *Gemini Awards* and the *Waniskâ National Aboriginal Artists Showcase*. The commitment of the tourism industry was critical to the success of these events that showcased our people and the province. Thank you to all who played a role in these exciting celebrations.

So it was a year of results and recognition - one in which our organization and our entire industry can take pride, and one that helped lay a foundation that will continue to earn returns for our province in years to come.

As Chair, I would like to conclude by recognizing and thanking Carol Lumb, Dr. Lynda Haverstock and the professional staff of Tourism Saskatchewan, the dedicated members of our Board, volunteer committees, Tourism Regions, our Government partners and sponsors who have contributed resources and synergy, and made a positive impact on our efforts.

Jan Olsen

Janet Olsen

Tourism Saskatchewan's Board of Directors

Tourism Saskatchewan is governed by a fifteen-member Board of Directors - ten industry appointed positions, three elected by the membership, and two appointed by the Government of Saskatchewan. These individuals volunteer their time and efforts to the organization, and commit to representing the entire industry, rather than the interests of their respective sectors. The Board of Directors meets approximately eight times annually to monitor the work of Tourism Saskatchewan and provide direction to the administration, on behalf of the industry.

Tourism Saskatchewan's Vision Statement and Desired Ends Policies, as established by the Board of Directors, read as follows:

Vision:

Tourism is a vital, growing and sustainable economic sector.

Desired Ends:

1. Well developed tourism markets;
2. An environment for growth within the tourism industry;
3. Tourism experience diversity;
4. A Saskatchewan population knowledgeable and supportive of tourism; and
5. Effective and efficient support structures and relationships.

Board of Directors
Seated (left to right): Patricia Cook, Janet Olsen, Darlene Stakiw.
Standing (left to right): Garth Harris, Carey Baker, Donna Carlson-O'Keefe, Andrew Turnbull, Daryl Safinuk, Rusty Gardiner, Brenda Sherring, Hal Sanders, Lance Grosco.
Missing: Tony Coppola, Dawn Martin

2007 BOARD OF DIRECTORS

Janet Olsen, Chair, Member at large
Darlene Stakiw, Vice-Chair, Member at large
Carey Baker, Parkland Regional Tourism Associations
Donna Carlson-O'Keefe, Saskatchewan Outfitters Association
* Tony Coppola, Tourism Regina
* Patricia Cook, Federation of Saskatchewan Indian Nations
Rusty Gardiner, Forest Regional Tourism
Lance Grosco, Saskatchewan Hotel & Hospitality Association
Garth Harris, Member at large
* Loni Kaufmann, Tourism Regina
Dawn Martin, Government of Saskatchewan
Daryl Safinuk, Prairie Regional Tourism Associations
Hal Sanders, Government of Saskatchewan
Brenda Sherring, Heritage, Arts and Multicultural Communities
Andrew Turnbull, Tourism Saskatoon

*Denotes partial term

The famed pianist Arthur Rubinstein once said, "The seasons are what a symphony ought to be: four perfect movements in harmony with each other." By his words, I am inspired to reflect upon the past year.

I arrived mid-performance. Up to that point, the very talented "players" – Tourism Saskatchewan's team of directors, managers and staff, led by Acting President/CEO Carol Lumb – kept operations running smoothly and maintained consistent delivery of services, while driving new initiatives that would benefit members and contribute to the success of our industry.

Tourism Saskatchewan's Board of Directors endeavoured to achieve more open and effective communication with members, and encourage collaboration and co-operation among industry stakeholders. At the same time, they engaged in a nationwide search for a new President/CEO. I am grateful to all – Board and Team Tourism Saskatchewan - who painstakingly worked above

Message from the President/CEO

and beyond expectations in the months prior to my appointment, and who continue to demonstrate exceptional and unwavering commitment to Tourism Saskatchewan, and to the great cause of sharing our province with the world.

Soon after my arrival, I read disturbing statistics about our province's perceived image, or lack thereof. I was intrigued by the complex series of government partnerships and the multiple departments (no less than eleven) that have an impact on the industry. It became apparent that a number of concerns demanded serious and immediate attention – the limitations that we face in marketing our province, the lack of understanding of the importance of our industry, and the implications of chronic underfunding.

Branding Saskatchewan is no small task. Our province's vast land mass is incomprehensible, as is the diversity and complexity of its geographical features. No singular, definitive culture can be identified as belonging to or symbolizing Saskatchewan. We celebrate four glorious and very distinct seasons, each of which offers our industry a wealth of opportunities and experiences. At the same time, characteristics that make our beloved province unique, that are the destination attributes sought by more and more travellers, present significant challenges. It is no small feat that tourism has grown to become an industry that contributes over $1 billion annually into the provincial economy and employs more than 55,000 Saskatchewan citizens.

The finale of the 2006/2007 fiscal year was marked by the *Saskatchewan Summit on Tourism*, the first ever provincial forum dedicated to our industry. Simply put, it was grand. That such a groundbreaking event could be conceived, organized, and delivered in under two months and receive the support of over 400 delegates is a significant accomplishment. Its success is a testament to those devoted to growth and excellence in tourism. It is imperative to build upon the goodwill and momentum created by the Summit.

This Annual Report reflects upon key areas successfully undertaken by Tourism Saskatchewan's management and staff during the past year, and details the organization's sound financial management.

The highlights of 2007 will continue to resound throughout the fascinating period that lies ahead for this dynamic industry.

Lynda Haverstock

Lynda Haverstock, C.M., S.O.M., D.D., LL.D.
President/CEO

Tourism Saskatchewan

A board-driven, membership-based, industry/government partnership, Tourism Saskatchewan was the first of such models in Canada. Its creation paved the way for other provinces and territories to develop their own tourism bodies. A strength of the organization is its membership, numbering over 2,000.

Working with industry members, government partners and a number of stakeholders, Tourism Saskatchewan leads a variety of programs and initiatives across a broad range of areas – marketing, education and training, visitor services, industry development, research, member services, and more – to support industry growth and economic development. Tourism Saskatchewan strives to be innovative, efficient and effective in its delivery of core support to the industry, and in facilitating economic growth and social development to benefit our province and its citizens.

Tourism is one of the most rapidly growing industries in Saskatchewan and Canada. More than 55,000 Saskatchewan citizens are employed in tourism and tourism related activities. The industry provides employment opportunities to youth and to residents of rural and northern communities. Over 4,300 attractions, events and tourism-related businesses are located throughout Saskatchewan, and host an estimated 8.6 million visits annually.

2007 Department Highlights

EXECUTIVE OFFICE

The Honourable Dr. Haverstock, C.M., S.O.M., Ph.D., LL.D. is a highly recognized and admired figure throughout Saskatchewan, Canada, and internationally for her academic achievements, innovative ideas, contributions to politics, and for her commitment to her home province as Saskatchewan's 19th Lieutenant Governor, a position that she held from 2000 until July, 2006. She was appointed to the position of President/CEO of Tourism Saskatchewan in May and commenced duties on June 11, 2007.

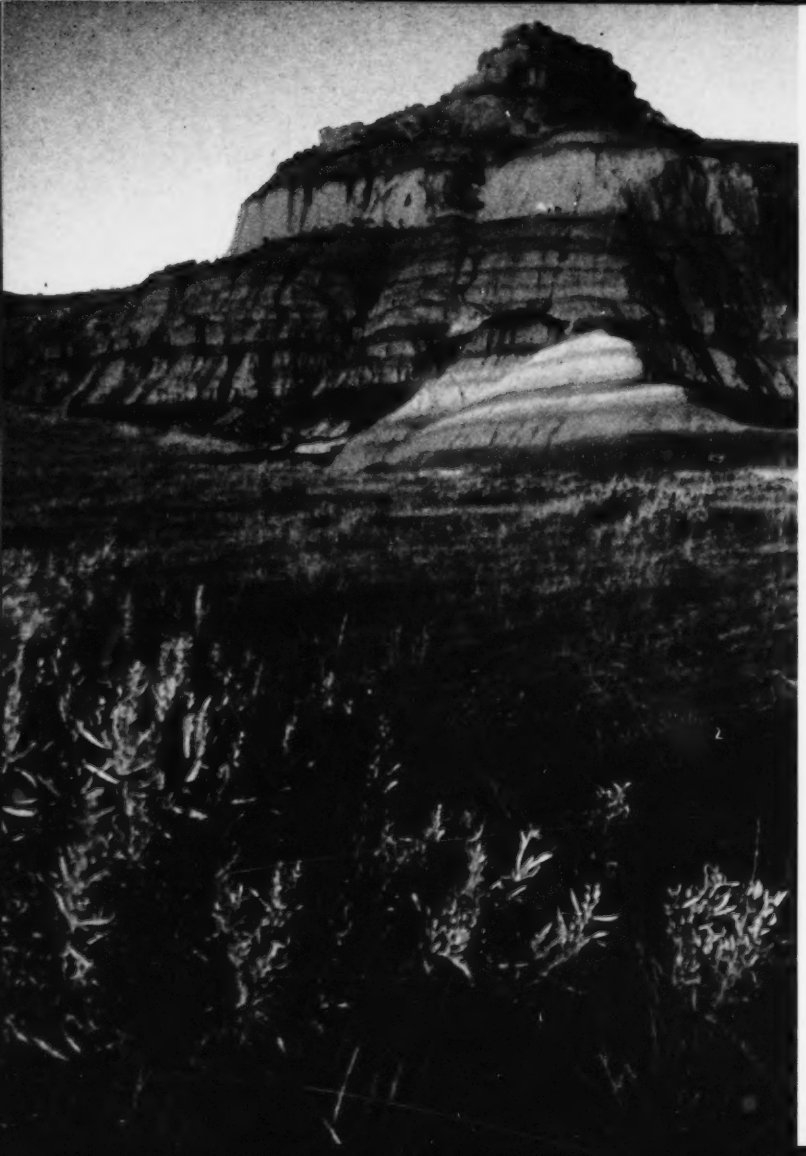
Dr. Haverstock immediately initiated meetings with government officials, including Ministers of departments impacting tourism. Her efforts led to the August 15th announcement by Premier Lorne Calvert of the first *Saskatchewan Summit on Tourism*. Working closely with Tourism Saskatchewan's Board of Directors, and committed to an ambitious schedule of meetings with industry leaders, regional managers and tourism businesses, along with numerous speaking engagements and media interviews, Dr. Haverstock has achieved an increased profile for Tourism Saskatchewan and recognition of the importance and value of our industry.

FINANCE AND ADMINISTRATION

Tourism Saskatchewan's Department of Finance and Administration leads the design and monitoring of business operations, hosts the consumer and industry websites, develops industry databases, and ensures smooth operation of technical services.

In the area of Human Resources (HR), developments in 2007 included the creation of a fulltime HR Manager and implementation of a *Human Resources Intranet* website. The site provides Tourism Saskatchewan employees with up-to-date HR information, and is utilized for posting timely information such as employment positions or policy changes. It serves as an important link between the Saskatoon and Regina offices, allowing online booking capabilities for board and training rooms, and enhancing staff communication through the use of a community bulletin board.

Finance and Administration team members engaged in planning and work to support the roles of other departments. In the area of Information Technology (IT), a particular accomplishment was the development and implementation of the corporate Intranet platform, built upon Microsoft SharePoint. The platform provides workspaces for departmental collaboration, a framework for project management and spaces for staff to work with other internal and external stakeholders. Active spaces on the site included the *Trade Development Strategy Implementation Team*, the *Tourism Summit* planning area, the IT task management area, the Directors team site, and the *HR Intranet* site. Other 2007 IT accomplishments included the implementation of a new business intelligence reporting platform, and the development and introduction of a new marketing website Content Management System.



MARKETING

The focus of Tourism Saskatchewan's Marketing Department is on creating awareness of our province's tourism opportunities and driving inquiries about and visits to Saskatchewan. Functions managed by the department include research, advertising, promotion, publicity and front-line visitor services. Members of the Marketing team work to ensure that Saskatchewan is promoted as a destination to target markets across North America and overseas.

Web Presence – In 2007, Tourism Saskatchewan initiated a redevelopment of its website, targeting a goal of creating a world-class site, exceeding those of our Canadian competitors. When fully operational, the site will have significantly improved search and mapping functions. Changes will result in greater organic search results for a variety of Saskatchewan tourism products.

During the year, visitors to **www.sasktourism.com** linked through to our partner/member sites over 280,000 times. Our paid keyword program drew more than 43,000 visitors to our site. Travel literature requests, received online, numbered over 47,000 pieces. Virtual travel guides were a new web feature. Posted in July, the online guides received 9,000 unique visits by year end. Printing exceeded 7,500 pages.

Live Chat – Tourism Saskatchewan achieved yet another first among tourism offices in Canada, with its launch of a live chat website application in April, 2007. The new features enhances customer service by allowing Travel Counsellors in our Visitor Services Centre to accommodate multiple customers simultaneously, and to immediately guide customers through our website and potentially influence their travel plans.

SaskSecrets – Tourism Saskatchewan's online newsletter, *SaskSecrets*, advanced from a quarterly to monthly publication. A new look and format features stories about new developments in the province and successes in the industry, details of upcoming events, select vacation packages, and more. *SaskSecrets* offers subscribers exclusive entry into monthly contests for valuable prizes. Over 27,000 subscribers receive the newsletter each month.

Visitor Reception – Staff in a number of community Visitor Information Centres received training, in an effort to build a consistent level of service across the province. In partnership with the Museums Association of Saskatchewan, Tourism Saskatchewan enhanced its five Visitor Reception Centres with new displays.

Visitor Services – Tourism Saskatchewan's Visitor Services Centre answered more than 81,000 inquiries in 2007. In addition to providing information during initial contact with travellers and potential travellers, the Visitor Services team works with industry to update product information for publication in our travel guides, and to ensure accurate and current details on our consumer website.

Research – In partnership with the five Tourism Regions and two City Marketing Organizations (CMOs), Tourism Saskatchewan contracted a post-advertising awareness survey of Saskatchewan residents. Preliminary results indicate that 94% believe tourism is important to the province's economy, including 60% who feel that it is very important. Of those who had travelled within the year for reasons other than business (75% of respondents), 77% had taken at least one trip in Saskatchewan.

This partnership was also responsible for developing and implementing a process to capture contact information at consumer shows, for use with direct marketing initiatives such as email and direct mail. The information will assist in calculating return on investment and effectiveness of these tradeshows in the selected markets.

Reports outlining tourist expenditures, employment and the number of tourism events and businesses in each Saskatchewan constituency were developed and distributed by Tourism Saskatchewan to all Members of the Legislative Assembly, as well as to the Tourism Regions and CMOs. Through national partnerships, Tourism Saskatchewan participated in the *Travel Survey of Residents in Canada*, and in development work for improving the *Travel International Survey*. Twenty-three reports from the *Travel Activities and Motivations Survey*, another national partnership, were posted and distributed for industry use.

Tourism Marketing Forum – The second annual *Tourism Marketing Forum* was held in February at The Willows Golf and Country Club in Saskatoon. Over 90 members of the industry attended the Forum, designed to reinforce collaborative marketing efforts and promotional activities. Completed evaluations revealed that 100% of participants felt the event was informative, 98% left with a better understanding of different methods and streams of marketing; and 91% gained greater understanding of the work of Tourism Saskatchewan, the Tourism Regions and CMOs.

Advertising – Advertising initiatives focused on activities that build awareness and result in positive response rates, measured in the form of requests for additional information or visits to our website. A major initiative in the Alberta market has been the distribution of a single large, high quality tabloid (TAB) delivered via targeted newspapers. Studies show that this initiative has positively influenced perceptions over the years. The reach of this initiative, in 2007, was limited to only 45% of the market, due to limited resources. Research shows that readers of the TAB were more likely to consider Saskatchewan attractive. They were more familiar with vacation opportunities in our province, and more likely to name Saskatchewan as their first or second choice for a vacation destination.

Travel Media – Tourism Saskatchewan holds membership in a number of influential travel media based associations, and experienced success in both the quality and quantity of travel media hosted during the past year, including respected Canadian journalists representing publications such as *Western Living*, *En Route*, *The Globe and Mail*, *The Toronto Sun*, *Canadian Geographic*, and others. Assistance was provided to a television crew from *Mantracker*, who were filming in southwest Saskatchewan. This aired in millions of homes on *VERSUS* network. *Snowtrax* also received assistance. It is one of

North America's most watched snowmobiling programs. Saskatchewan footage appeared in two episodes, broadcast in Canada and the United States. Tourism Saskatchewan assisted the filming efforts of two key Canadian fishing programs, *Outdoor Passion* and *Fishing with Bob Izumi*. Positive relationships have been established with a number of U.S. outdoor publications and television programs, including *Midwest Outdoors, In-Fisherman, A-Way Outdoors, Archer's Choice, Field N' Stream, Mossy Oak*, and *Hunting 201*.

Consumer Activities – Saskatchewan, as a travel destination, was promoted to over 10,000 qualified contacts in the North American consumer market at over 50 shows attended by Tourism Saskatchewan and/or representatives of the Tourism Regions and CMOs.

Tourism Saskatchewan partnered with *Hunters Domain*, a U.S. based company, to promote Saskatchewan, mainly our fishing and hunting product, in the United States. Over 5,000 *Saskatchewan Fishing and Hunting Guides* were distributed through this new partnership. Other activities in 2007 included establishing relationships with ten new RV tour companies specializing in caravan and rally development offered to the North American RV travel market.

Travel Trade – Recognizing the growing trend in student and youth travel in North America, Tourism Saskatchewan became a member of the Student and Youth Travel Association, and created appropriate itineraries for this market. Efforts continued throughout 2007 to build upon relationships with travel trade partners in Alberta and Manitoba. Regional itineraries for these important markets were developed. Marketing staff attended key North American Marketplaces, hosted by the *National Tour Association* and the *American Bus Association*. Familiarization (FAM) tours were hosted for U.S. and Canadian tour operators.

Tourism Saskatchewan participated in *Rendez-vous Canada*, held in Quebec, and in a number of international travel trade marketplaces: *Showcase Canada* (Korea), *Kanata* (Japan), *ITB* (Germany), and *Spotlight Canada* (U.K.). A result of this activity is the continued expansion of our tourism product in the international arena. Saskatchewan as a destination, especially to the seasoned repeat traveller to Canada, is showing advancement with new fly/drive programs that are now being offered, particularly in the German market.

INDUSTRY DEVELOPMENT

The Department of Industry Development operates with the primary objective of increasing the average per person expenditure of tourists in Saskatchewan. This is achieved by providing planning assistance to communities, tourism regions, destination areas, individual businesses and groups throughout the province.

Over the past year, Industry Development has provided planning assistance to numerous communities across Saskatchewan. This assistance has led to specific action plans focused on stimulating tourism product development and tourist visitation. The *Community Tourism Planning* program achieves high levels of stakeholder engagement and has resulted in numerous successes across the province.

Destination Area Planning provides opportunities for geographic regions of the province to distinguish themselves in the marketplace. It necessitates intensive planning and cooperation between the communities, tourism businesses, and attractions in these regions. Benefits include increased visitation and visitor spending throughout the region. Industry Development is currently leading *Destination Area Planning* in the Lake Diefenbaker and Horseshoe (Cypress Hills) regions, and is preparing to engage more areas in the upcoming year.

Industry Development is committed to the growth of First Nations and Métis tourism in Saskatchewan. The department works closely with the *Aboriginal Tourism Association of Saskatchewan, Inc.* (ATASI). The mandate of ATASI is to provide leadership by facilitating marketing and product development, while working to promote sustainable partnerships and resources for aboriginal tourism attractions in Saskatchewan. In addition to having representation on ATASI's board, Industry Development works directly with ATASI on projects designed to advance Saskatchewan's Aboriginal tourism industry.

Sport, culture and recreation events attract provincial, national and international visitors to our province, resulting in increased personal, community, economic and social benefits to Saskatchewan people and organizations. The *Events Saskatchewan* partnership exists to provide leadership and support to sport, culture and recreation organizations. The desired outcome is to increase the quality, growth and stability of events in Saskatchewan and maximize their tourism potential. Industry Development plays an active role in the leadership of this initiative.

The department facilitates the successful *Tourism Community Champions* program, which is designed to:

- Address the processes and approaches required to advance tourism development at the community level;
- Broaden the understanding of tourism as a major Saskatchewan industry; and
- Encourage awareness of tourism potential in Saskatchewan.

In the past fiscal year, *Tourism Community Champions* workshops were held in Outlook, Melville, and Big River, drawing participants from communities throughout their regions. In the past three years, over 200 individuals from more than 80 communities throughout Saskatchewan have become Champions. Many have subsequently led tourism initiatives in their respective communities.

Work in 2007 included implementation of a *Trade Development Strategy*, designed to build capacity and readiness among operators for selling "distinctly Saskatchewan" experiences through the travel trade – to receptive tour operators, tour operators/travel wholesalers and retail travel agents who sell to national and international markets. Led by an Industry Validation Committee (comprised of industry representatives), along with Tourism Saskatchewan management, staff and consultants, the *Trade Development Strategy Implementation* (TDSI) program targets the following objectives:

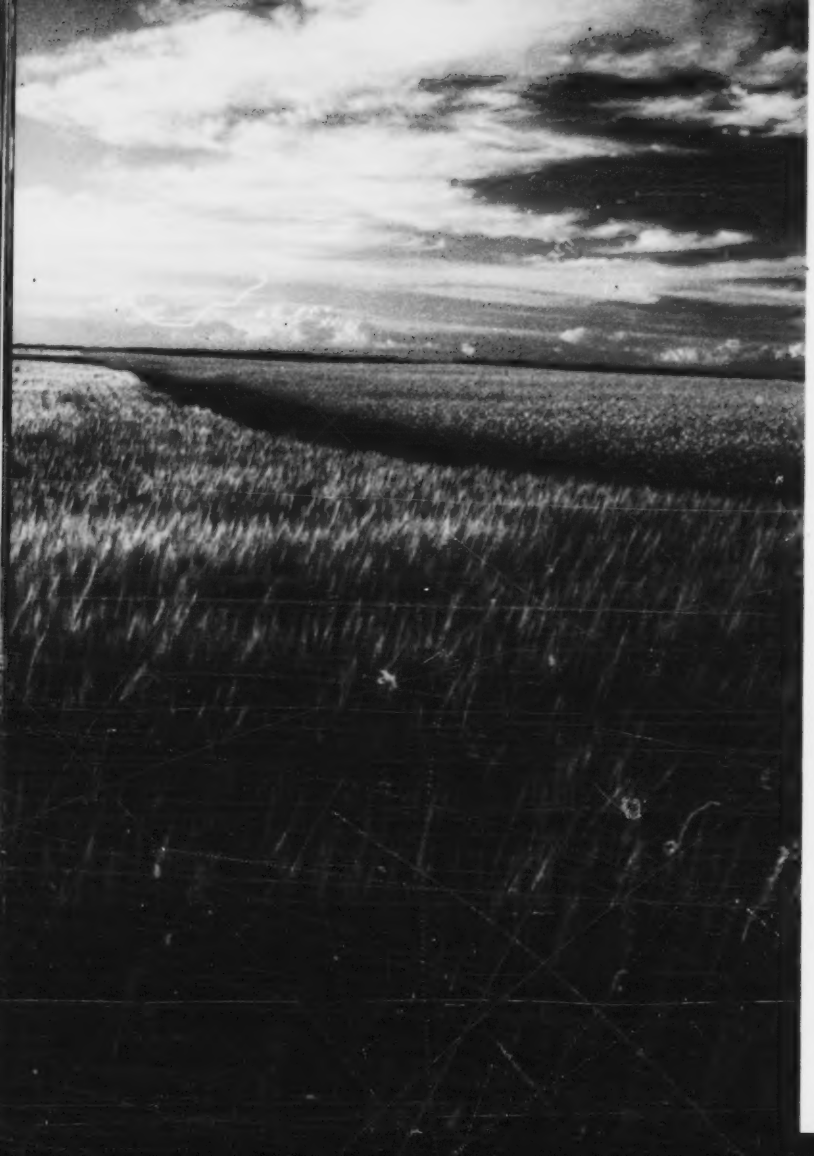
1. To ensure established and mature tourism suppliers have the knowledge and skills to successfully work with the travel trade industry through the provision of advanced training;
2. To identify new/emerging tourism suppliers with the capability and intent to successfully work with the travel trade at some point in the near future, and provide these suppliers with training that will help them achieve their goals;
3. To develop new packages that meet national and international market demand; and
4. To attend Rendez-vous Canada (RVC) 2008 with tourism suppliers who are deemed market ready or near market ready.

Finally, Industry Development provides ongoing planning and assistance to individual tourism operations throughout Saskatchewan. This includes, but is not limited to, assistance with business planning, budgeting, costing, government funding programs, application procedures, marketing, and other advice. Over the years, this support has been critical to the success of countless tourism operators.

INDUSTRY RELATIONS

Tourism Saskatchewan's Department of Industry Relations is committed to expanding communication with the industry and on behalf of industry. Industry Relations is responsible for corporate communications, event planning, management of the image library, member communications and services, management of merchandise, and the publication of Tourism Saskatchewan's series of travel guides, industry newsletter and Annual Report. Approximately 600,000 pieces were printed this past year. Additional work involves the creation of promotional materials for Tourism Saskatchewan events and initiatives such as the annual *Tourism Marketing Forum*, the *Fall General Business Meeting*, *Spring Conference* and the *Saskatchewan Tourism Awards of Excellence*.

The department responds to speaking requests by supporting Tourism Saskatchewan executive and directors in the preparation of presentations



and speeches. Required work in this area increased significantly in 2007, upon the announcement of Dr. Lynda Haverstock as President/CEO, with more widespread celebration of *Tourism Awareness Week*, and involvement in initiatives such as the *Saskatchewan Summit on Tourism* and the *Trade Development Strategy*.

Tourism Saskatchewan produces an annual series of five travel guides: the *Saskatchewan Vacation Guide*, *Saskatchewan Fishing and Hunting Guide*, *Saskatchewan Accommodation, Resort and Campground Guide*, *Saskatchewan Events Guide*, and *Saskatchewan Golf Tour Guide*. Industry Relations manages the design, copy, advertising sales and production, and ensures timely delivery of the publications.

Assistance is provided to STEC with promotional and printed materials for specific events and initiatives, such as the annual *Professional Recognition Dinners* in Regina and Saskatoon. In 2007, Industry Relations provided STEC with support for the launch of several online training opportunities. A number of articles highlighting STEC training and successful projects such as *Ready to Work* and *Service Best* were created, circulated and promoted among industry sources and the media.

The celebration of *Tourism Awareness Week* (TAW) is one of the many focuses of Industry Relations. The week is dedicated to the promotion of Saskatchewan's wealth of tourism attractions and resources, and is an opportunity to broaden awareness about the importance of the industry. Highlights include the annual *Snap It! The Great Saskatchewan Photo Contest*, events and activities hosted among the regions, and an aggressive media campaign. Saskatchewan received national recognition for its leadership in organizing and encouraging *Tourism Awareness Week* celebrations in 2007.

SASKATCHEWAN TOURISM EDUCATION COUNCIL (STEC)

Tourism Saskatchewan's education division, the Saskatchewan Tourism Education Council (STEC) is located in Saskatoon. STEC is committed to human resources development and the provision of education and training to support Saskatchewan's tourism industry.

Training programs were delivered by STEC all across Saskatchewan in 2007, with a combined total of over 3,000 participants. In addition to classroom training and facilitated workshops, STEC offers a number of programs online. Several new programs were introduced in 2007 under the national *emerit* brand. *Serve It Right Saskatchewan* (SIRS), an enhanced online version of the *Serve It Right* responsible service of alcohol program was launched in March 2007. SIRS provides excellent risk management strategies for people who serve and sell alcohol in Saskatchewan. Over the past fiscal year, STEC saw an increased demand for supervisory and management training. Many of these programs were delivered in modules over several months.

STEC's *Ready to Work* program offers training in more than a dozen front-line tourism occupations, preparing individuals for success in the workplace and for rewarding careers in the industry. Training for employment in the Food & Beverage Sector has been the primary focus of the program delivered by STEC. In the past year, 312 individuals participated in *Ready to Work* in Saskatchewan, exceeding the national target of 160. Eighty-five per cent of participants completed the classroom component and 82% found employment or returned to school. Projects took place in eleven communities across the province, including Saskatoon, Regina, Swift Current, Lloydminster, Creighton, Beauval, Buffalo Narrows, Stony Rapids, La Ronge, North Battleford and Prince Albert. Government and community partnerships contributed to the success of *Ready to Work*.

STEC delivered 73 presentations promoting tourism industry careers at high schools, conferences, for community groups and employers. Seventeen career fairs were attended.

National *emerit* Certification, coordinated by STEC in Saskatchewan, can now be completed in stages. Total enrollment, in one or more stages of the process, numbered 413.

Tourism Saskatchewan and STEC management, along with volunteer representatives from within the industry form the *Saskatchewan Tourism Labour Market Partnership* (STLMP), created in 2003 with a vision to "identify, plan and co-ordinate strategic industry-driven initiatives that ensure the Saskatchewan tourism industry has a robust workforce." In 2007, the STLMP announced the release of a *Human Resources Strategy and Detailed Tactical Plan* for the industry. Implementation of the strategy is underway, with STEC and Tourism Saskatchewan primarily responsible for executing the planned initiatives.

Over 400 delegates gathered in Regina on September 24-25, 2007 for Saskatchewan's first *Summit on Tourism*. This groundbreaking event offered government officials, industry leaders and tourism professionals an opportunity to engage in open and frank discussions about the challenges confronting Saskatchewan's tourism industry. At the same time, the Summit provided a forum to reflect upon tourism successes, to examine the boundless potential that exists in our province, and to explore strategies to capitalize on opportunities and advance the industry from *Good to GREAT*.

Premier Lorne Calvert and President/CEO Dr. Lynda Haverstock delivered opening addresses, setting the tone for earnest and productive dialogue over the two days. The Summit featured a number of special guests, including [illegible] and keynote speaker Patrick Walsh. Guest presenters [illegible] significant and timely concerns relating to [illegible] Importantly, [illegible] future.

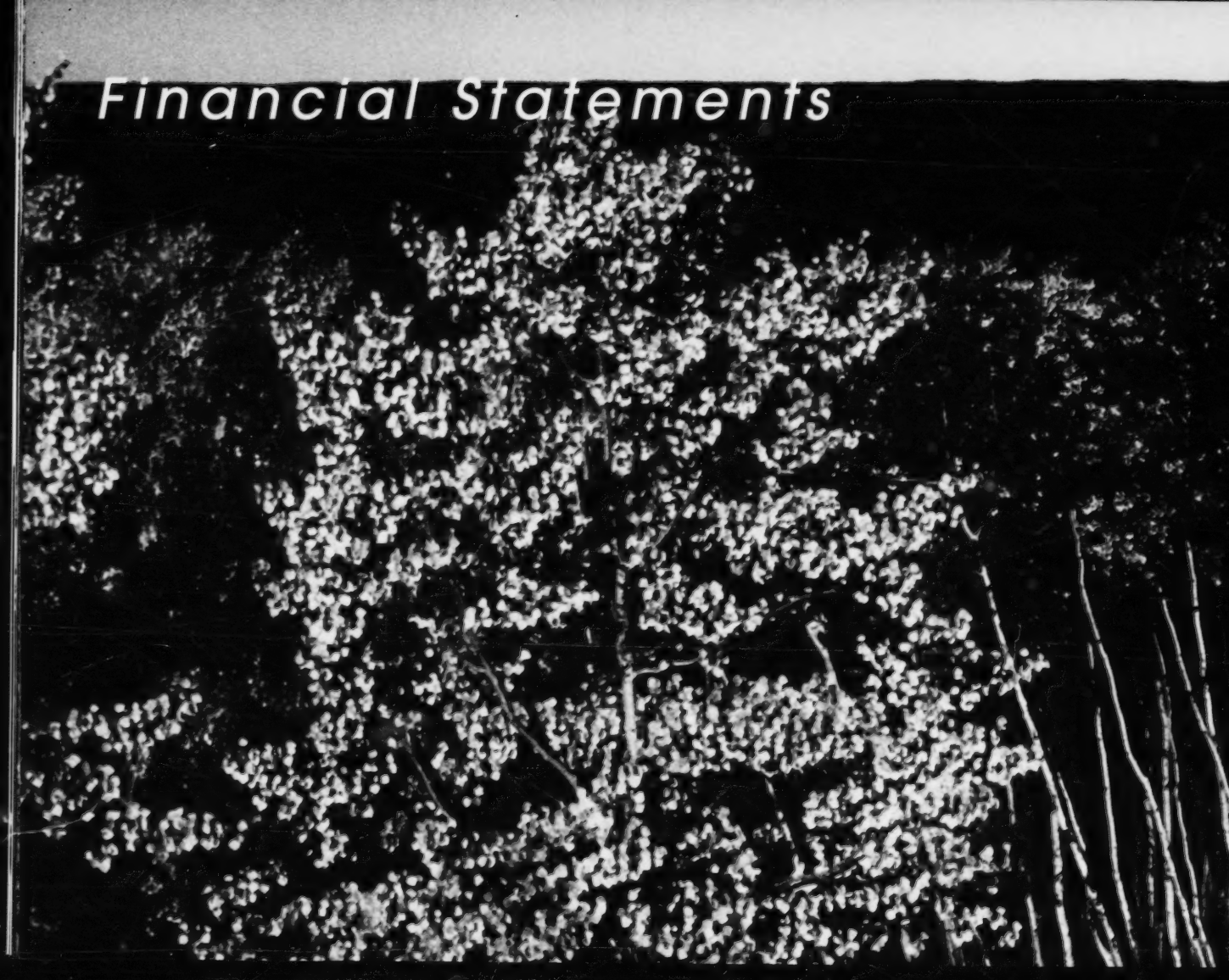
Summit delegates considered the following [illegible] facilitator-led roundtable discussions:

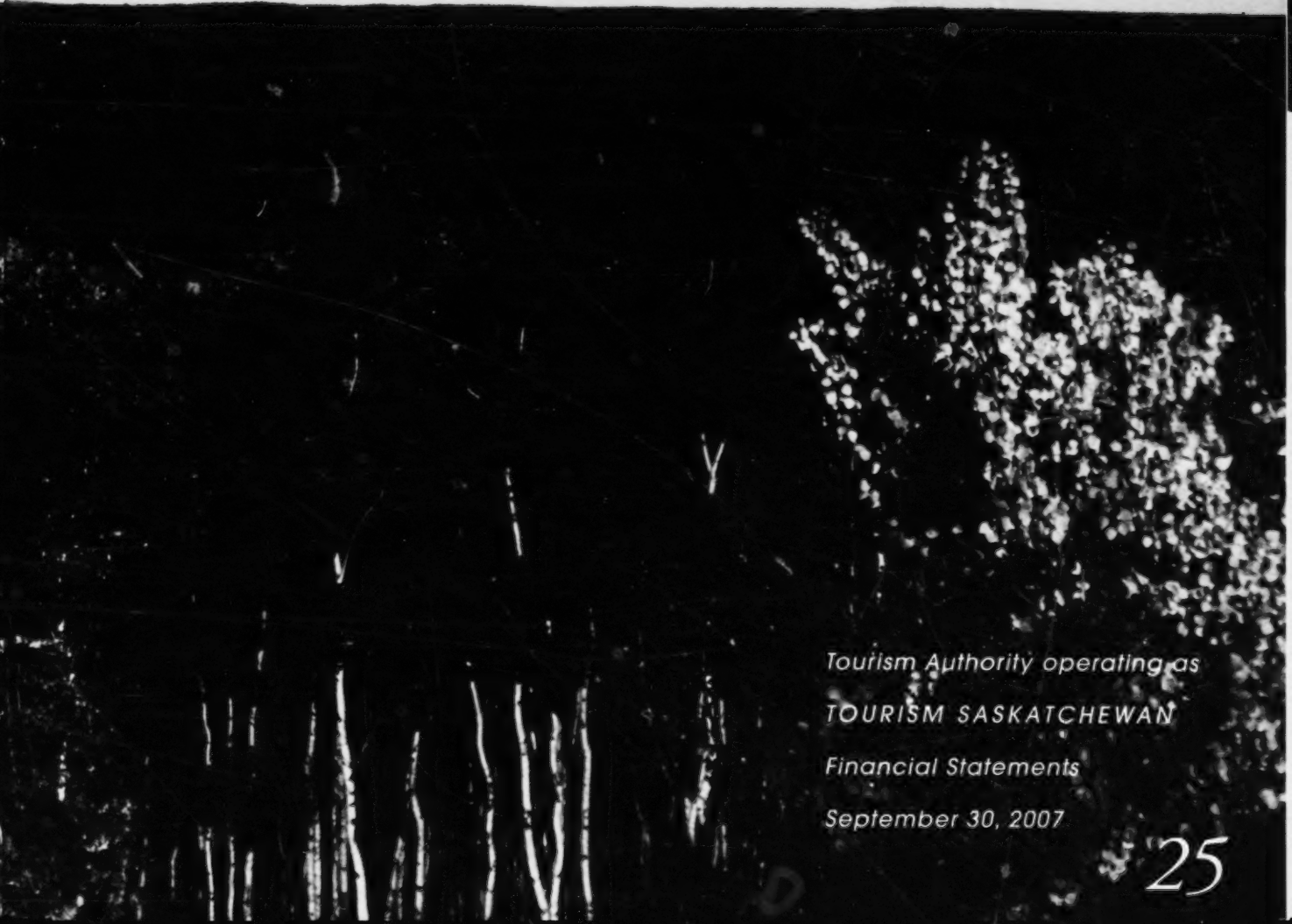
1. What will be different in two years as we move from *Good to GREAT*?
2. What is needed to advance from *Good to GREAT*? What do we need to do as an industry? As government? As individuals?
3. Identify one key action item that will ensure our province's tourism industry achieves greatness?

Summaries of the roundtable sessions, as well as a draft report on key themes emerging from the discussions are posted on the *Good to GREAT* website, **www.goodtogreat.ca**. A final Summit report will be completed and posted in January 2008.

GOOD to
GREAT

Financial Statements





Tourism Authority operating as

TOURISM SASKATCHEWAN

Financial Statements

September 30, 2007

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To the Members of Tourism Saskatchewan:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed entirely of Directors who are neither management nor employees of the Authority. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for recommending approval to the Members of the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the Authority's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

October 18, 2007

Lynda Haverstock

Chief Executive Officer

Auditors' Report

To the Members of
Tourism Authority
o/a Tourism Saskatchewan

We have audited the balance sheet of Tourism Saskatchewan as at September 30, 2007 and the statements of operations, changes in net assets (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at September 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP
Chartered Accountants

Regina, Saskatchewan
October 18, 2007

Tourism Saskatchewan

Balance Sheet • September 30, 2007

	2007	2006
ASSETS		
CURRENT		
Cash and cash equivalents	**$1,451,220**	$1,234,563
Accounts receivable	**546,378**	219,190
GST receivable (Note 5)	**3,109**	26,450
Inventory	**44,984**	72,073
Prepaid expenses	**113,936**	76,479
	2,159,627	1,628,755
LONG TERM		
Capital assets (Note 6)	**790,750**	921,563
	$2,950,377	$2,550,318
LIABILITIES and NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$944,235**	$372,060
Unearned revenue	**348,011**	470,553
Current portion of deferred contributions related to capital assets (Note 8)	**10,000**	10,000
Deferred grant contribution (Note 8)	**288,125**	288,125
Current portion of leasehold improvement loan	**-**	54,213
	1,590,371	1,194,951
LONG TERM		
Deferred contribution related to capital assets (Note 8)	**60,000**	70,000
Leasehold improvement loan	**-**	33,226
	1,650,371	1,298,177
NET ASSETS		
Invested in capital assets	**720,752**	754,125
Internal restrictions: (Note 9)		
Partnership Marketing Fund	**42,500**	114,834
President's Marketing Advisory Fund	**140,473**	78,475
STEC Fund	**163,966**	235,000
Initiatives Fund	**223,315**	170,631
Unrestricted	**9,000**	(100,924)
	1,300,006	1,252,141
	$2,950,377	$2,550,318

See accompanying notes to financial statements.

APPROVED BY THE BOARD:

Director Donna Carlson-O'Keefe Director

Tourism Saskatchewan

Statement of Operations • Year Ended September 30, 2007

	2007	2006
REVENUE		
Operating Grant - Province of Saskatchewan	$8,142,192	$8,073,750
Other grants and contributions	216,770	67,008
Education and training	1,457,116	1,270,682
Partnership	86,105	201,399
Advertising	241,641	227,987
Retail sales	87,066	255,042
Listings	142,358	142,216
Membership	56,843	57,580
Interest and other	67,262	56,775
	10,483,353	10,352,441
EXPENSES		
Administration (Schedule 1)	1,759,864	1,711,576
Education and training (Schedule 2)	1,760,746	1,656,809
Marketing and advertising (Schedule 3)	4,913,029	4,815,332
Membership and visitor services (Schedule 4)	1,672,271	1,806,069
Cost of Retail Sales	61,026	104,424
Board and committees	46,111	56,333
Initiatives fund (Schedule 3)	42,371	103,319
President's Marketing Advisory (Schedule 3)	62,328	17,000
Partnership Marketing (Schedule 3)	45,708	59,084
STEC Fund	71,034	15,000
	10,434,488	10,324,946
EXCESS OF REVENUE	$47,865	$27,495

See accompanying notes to financial statements.

Tourism Saskatchewan

Statement of Changes in Net Assets • Year Ended September 30, 2007

	Invested in Capital Assets	Internally Restricted for Partnership Marketing	Internally Restricted for President's Marketing	Internally Restricted for STEC	Internally Restricted for Initiatives	Unrestricted Operations	Total 2007	Total 2006
BALANCE, BEGINNING OF YEAR	$754,125	$114,034	$70,475	$235,000	$170,631	$(100,924)	$1,252,141	$1,224,646
Excess of revenue (expenses)	(263,161) [1]	(45,700)	(62,328)	(71,034)	(42,371)	532,467	47,865	27,495
Invested in capital assets	142,349	-	-	-	-	(142,349)	-	-
Repayment of leasehold improvement loan	82,439	-	-	-	-	(82,439)	-	-
Interfund transfers (Note 9)	-	(68,126)	68,126	-	-	-	-	-
Internally imposed restrictions (Note 9)	-	42,500	55,200	-	99,055	(196,755)	-	-
NET ASSETS, ENDING	$720,752	$42,500	$140,473	$163,966	$223,315	$9,000	$1,300,006	$1,252,141

See accompanying notes to financial statements.

[1] Consists of:

Amortization expense	$273,161
Amortization of deferred contributions related to capital assets (Note 8)	(10,000)
Decrease in net assets invested in capital assets	$263,161

	2007	2006
CASH FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue	$47,885	$27,495
Add items not requiring the use of cash:		
Amortization of capital assets	273,161	254,767
Amortization of deferred contributions related to capital assets (Note 8)	(10,000)	(10,000)
	311,026	272,262
Net change in non-cash working capital working items (Note 11)	135,419	126,097
NET CASH GENERATED FROM OPERATING ACTIVITIES	446,445	398,359
CASH USED IN INVESTING ACTIVITIES		
Purchase of capital assets	(142,349)	(107,076)
NET CASH USED IN INVESTING ACTIVITIES	(142,349)	(107,076)
Cash used in financing activities		
Repayment of leasehold improvement loan	(87,439)	(51,064)
NET CASH USED IN FINANCING ACTIVITIES	(87,439)	(51,064)
NET INCREASE IN CASH AND CASH EQUIVALENTS	216,657	(240,219)
Cash and cash equivalents, beginning of year	1,234,563	994,344
CASH AND CASH EQUIVALENTS, END OF YEAR	$1,451,220	$1,234,563

See accompanying notes to financial statements.

1. DESCRIPTION OF BUSINESS

The Tourism Authority (the "Authority"), operating as Tourism Saskatchewan, was incorporated as a non-profit organization under the Tourism Authority Act and commenced operations on October 1, 1994. The Authority was formed to promote and develop tourism in Saskatchewan on behalf of the tourism industry and the Government of Saskatchewan. Certain assets were transferred to the Authority from the Government of Saskatchewan, Department of Economic Development and Saskatchewan Property Management Corporation (SPMC).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Revenue Recognition

The Authority follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and the expenses relating to the contribution are incurred.

Revenue received by the Authority in advance of the actual performance of services is deferred and is recorded as unearned revenue.

Advertising, Listing and Membership revenue is recognized as earned. Funds received for services that relate to the future, are deferred and recognized as revenue when earned.

Interest is recognized as earned.

Retail sales are recognized as revenue on the date of sale.

b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and short term market investments with maturities of three months or less. Cash and cash equivalents are recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties.

c) Inventory

Inventory is valued at the lower of cost and net realizable value.

d) Capital Assets

Capital assets are recorded at cost and are amortized over their estimated useful lives. Amortization expense is calculated using the straight-line method at the following annual rates:

Photo library	10%
Furniture and equipment	10% to 20%
Computer equipment	33%
Leasehold improvements	10% to 20%
Signs and displays	20%
Video and video footage	10%

e) Income Taxes

The Authority is incorporated as a non-profit organization and is exempt from income taxes.

f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

g) Financial Instruments

Tourism Saskatchewan has classified cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities as financial instruments held for trading. Held for trading financial assets and liabilities are financial instruments that are acquired or incurred principally for the purpose of selling or repurchasing the instrument in the near term. These instruments are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Held for trading financial instruments are carried at fair value with both realized and unrealized gains and losses included in net income. Initial cost approximates fair value due to the short-term nature of the instruments.

Transactions to purchase or sell these items are recorded on the trade date. Transaction costs related to held for trading financial instruments are expensed as incurred.

Tourism Saskatchewan assesses impairment of all its financial assets. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in current year earnings.

h) Recent Accounting Pronouncements

Effective October 1, 2007, Tourism Saskatchewan will be required to adopt Canadian Institute of Chartered Accountants ("CICA") handbook sections 3862 – financial instruments – disclosures, and 3868 – financial instruments – presentation. Section 3862 provides standards for disclosure of the risks arising from financial instruments to which Tourism Saskatchewan is exposed, and how the risks are managed by Tourism Saskatchewan. Section 3863 provides standards for the presentation of financial instruments and non-financial instruments derivatives. Tourism does not expect the adoption of these new standards to have a material impact on its financial statements, however, these standards will have an impact on the financial statement disclosures.

3. CHANGE IN ACCOUNTING POLICY

As required by the Canadian Institute of Chartered Accountants ("CICA"), on October 1, 2006 Tourism Saskatchewan adopted the handbook sections 3855 – Financial Instruments – Recognition and Measurement ("Section 3855"), and CICA 3861 – Financial Instruments – Disclosure and Presentation ("3861"). CICA 3855 Financial Instruments – Recognition and Measurement establishes standards for recognizing and measuring financial assets, financial liabilities and derivatives. CICA 3861 Financial Instruments – Disclosure and Presentation discusses the presentation and disclosure of these items. Financial instruments are defined as a contractual right to either receive or deliver cash or another financial instrument to another party. These standards have been adopted prospectively and have nil effect on the financial statements. The comparative figures have not been restated.

4. FINANCIAL INSTRUMENTS

Tourism Saskatchewan as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The carrying

value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximates their fair value, due to their short-term maturity/settlements.

5. GST RECEIVABLE

The Authority claims goods and services input tax credits based upon its level of staff time devoted to generating GST taxable supplies. For the year ended September 30, 2007, the applicable rate was 70% overall. Purchases of goods for resale are eligible for 100% input tax credits.

GST receivable is net of any GST payable.

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2007	2006
Photo library	$731,095	$447,966	**$283,129**	$286,770
Furniture and equipment	406,974	393,364	**13,610**	38,490
Computer equipment	445,371	380,137	**65,234**	72,974
Leasehold improvements	477,313	371,224	**106,089**	156,105
Signs and displays	119,666	114,234	**5,432**	4,646
Video and video footage	453,222	135,966	**317,256**	362,578
	$2,633,641	**$1,842,891**	**$790,750**	$921,563

7. OPERATING LINE OF CREDIT

The Authority has access to the following operating line of credit, repayable on demand with interest paid monthly at the TD Bank prime rate. As of September 30, 2007, the Authority has not drawn on the operating line.

Base operating limit $500,000

8. DEFERRED CONTRIBUTIONS

Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets represent contributions received for the purpose of purchasing capital assets for specific projects.

During the 2007 fiscal year, no contributions related to the purchase of capital assets had been deferred. The contributions from previous years are being recognized on the same basis as the related capital assets are amortized. During the year, $10,000 (2006/07 - $10,000) of the deferred contributions related to capital assets has been recognized as a reduction to amortization expense.

Deferred Grant Contribution

Deferred grant contribution represents the accelerated receipt of an operating grant payment from Industry and Resources. Pursuant to the $7,040,000 annual funding agreement, the payment schedule was revised during the 1998/99 fiscal year. The transition to the revised payment schedule resulted in an accelerated payment of $288,125 being received before the Authority's 1998/99 fiscal year end. $288,125 of the annual receipts will continue to be deferred to maintain a level of operating grant revenue consistent with the annual funding agreement.

9. INTERNALLY RESTRICTED NET ASSETS

The Authority is funded by the Government of Saskatchewan through Industry and Resources. As per the funding agreement, the maximum amount of funds that can be accumulated in net restricted assets excluding STEC is $500,000 and the net restricted assets for STEC cannot exceed $400,000. Any amount exceeding these thresholds, as reported in the audited financial statements, must be repaid to Industry and Resources within 90 days of the fiscal year end. The funding agreement also limits unrestricted net assets to a maximum of $250,000 with any amounts exceeding this maximum paid back to Industry and Resources within the same time frame.

a) Partnership Marketing Fund

The Authority has entered into contracts with the tourism regions and industry partners to provide funds for eligible marketing activities to be carried out subsequent to the year-end. During the year, the Authority's board of directors internally restricted $42,500 ($114,834 in 2006) of unrestricted net assets, the maximum amount remaining to be paid out pursuant to these contracts and subject to the regions and partners incurring eligible marketing expenditures by November 30, 2007. These internally restricted amounts are not available for other purposes without approval of the board of directors.

Changes to the net assets restricted for the Partnership Marketing Fund are as follows:

	2007	2006
Beginning balance	**$114,834**	$80,250
Less expenditures incurred during the year on regional and industry partner marketing activities	**(45,708)**	(59,084)
Less funds transferred to President's Marketing Advisory Fund representing unspent marketing funds from previous year's marketing contracts	**(69,126)**	(21,166)
Add internally imposed restrictions during the year	**42,500**	114,834
Ending balance	**$42,500**	$114,834

b) President's Marketing Advisory Fund

During the year, the Authority's board of directors internally restricted $69,126 ($21,166 – 2006) for thePresident's Marketing Advisory Fund. The CEO of Tourism Saskatchewan determines provincial marketing campaigns in consultation with the President's Marketing Advisory Council. The additional amount represents unspent marketing funds from the 2006/2007 marketing contracts with the tourism regions and industry partners and is being restricted for this purpose consistent with the recommendation presented in the renewal of the MOA agreement of April 2002. The restriction of $55,200 (nil – 2006) is for the promotion of Tourism Awareness Week and other related activities.

Changes to the net assets restricted for the President's Marketing Advisory Fund are as follows:

	2007	2006
Beginning balance	**$78,475**	$4,309
Funds transferred from Partnership Marketing Advisory Fund representing unspent marketing funds from previous year's marketing contracts	**69,126**	21,166
Internally imposed restrictions from unrestricted funds	**55,200**	-
Less expenditures	**(62,328)**	(7,000)
Ending balance	**$140,473**	$78,475

c) STEC Fund

In 2005 the Authority's Board of Directors set up a restricted fund for operational purposes for expenditures with the Saskatchewan Tourism Education Council (STEC).

Changes to the net assets restricted for the STEC fund are as follows:

	2007	2006
Beginning balance	**$111,000**	$110,000
Internally imposed restrictions during the year	**-**	10,000
Less expenditures incurred during year for training	**(71,034)**	(1,000)
Ending balance	**$103,966**	$25,000

d) Initiatives Fund

The Authority's Board of Directors has internally resfricted funds to be used for certain initiatives. Funds of $95,055 (nil – 2006) were restricted in 2007 with a new human resource fund created. Costs of $42,371 were incurred in 2007 relating to prior years restrictions.

The net assets restricted for the Initiatives Fund are as follows:

	2007	2006
RVC/Trade Initiative	$22,094	$40,313
Industry Development Sector Study	19,420	27,971
Industry Development Priority Initiatives	87,641	78,168
Web-based Marketing and Research	66,560	24,179
Human Resources Initiatives	27,600	-
Total	$223,315	$170,631

10. COMMITMENTS

Leases

The Authority has entered into leases for office premises in Regina and Saskatoon and Visitor Reception Centres at various locations in the province. The future minimum lease payments are as follows:

2008	$329,137
2009	$30,207

11. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2007	2006
Accounts receivable	$(327,188)	$161,370
GST receivable	23,341	8,615
Inventory	27,089	(9,360)
Prepaid expenses	(37,457)	2,587
Accounts payable and accrued liabilities	572,175	29,197
Unearned revenue	(122,541)	(66,312)
	$135,419	$126,097

12. WESTERN ECONOMIC PARTNERSHIP AGREEMENTS

During 2003/04, the Authority entered into an agreement with the Government of Saskatchewan and received $558,750 to help fund Rendezvous Canada in 2005 and 2006 as well as the Trade Development Strategy. At September 30, 2007 $260,606 (2006 - $260,606) remains in unearned revenue to be used in 2007/08 for the implementation of the Trade Development Strategy.

13. DEFINED CONTRIBUTION PENSION PLAN

The Authority has a defined contribution plan for employees. The Authority's obligations are limited to matching contributions made by the employees for current services. During the year, the Authority contributed $214,792 (2006 - $204,717).

14. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform with the current year's presentation.

Tourism Saskatchewan

Schedule of Administration Expenses • Year Ended September 30, 2007

SCHEDULE 1

	2007	2006
Amortization	**$23,684**	$22,029
Bad debts	**-**	11,617
Building rental	**46,121**	53,163
Equipment rental	**16,138**	9,864
Insurance	**14,870**	21,443
Interest and bank charges	**19,135**	22,186
Legal	**1,106**	7,766
Postage	**39,835**	47,693
Professional services	**102,508**	164,207
Repairs and maintenance	**7,649**	7,122
Salaries and benefits	**1,353,908**	1,203,407
Stationery and supplies	**33,211**	26,820
System consulting/development	**17,755**	41,599
Telephone	**12,076**	11,686
Travel	**71,868**	60,974
	$1,759,864	**$1,711,576**

See accompanying notes to financial statements.

Schedule of Education and Training Expenses • Year Ended September 30, 2007

SCHEDULE 2

	2007	2006
Amortization	**$38,158**	$35,491
Building rental	**66,975**	77,202
Professional services	**50,729**	34,731
Salaries and benefits	**672,040**	779,666
STEC training costs	**878,237**	678,175
Travel	**54,607**	51,544
	$1,760,746	$1,656,809

See accompanying notes to financial statements.

Tourism Saskatchewan

Schedule of Marketing and Advertising Expenses • Year Ended September 30, 2007

SCHEDULE 3

	Unrestricted Operations	Internally Restricted Initiatives	Internally Restricted for Partnership Marketing	Internally Restricted for President's Marketing Advisory	Total 2007	Total 2006
Advertising and media publicity	$1,104,056	-	$45,708	$62,328	$1,212,092	$1,605,434
Amortization	63,948	-	-	-	63,948	59,478
Association and professional dues	18,514	-	-	-	18,514	14,111
Audio visual supplies	5,956	-	-	-	5,956	3,133
Building rental	73,392	-	-	-	73,392	84,599
Courier and freight	37,448	-	-	-	37,448	35,262
Events	362,306	-	-	-	362,306	125,887
Partnership Marketing Fund	1,461,859	-	-	-	1,461,859	1,324,694
Postage	40,000	-	-	-	40,000	45,080
Professional services	177,820	42,371	-	-	220,191	285,349
Promotional items	16,554	-	-	-	16,554	39,136
Salaries and benefits	1,160,732	-	-	-	1,160,732	965,278
Subscriptions and reference material	14,448	-	-	-	14,448	5,475
Telephone	19,759	-	-	-	19,759	20,491
Travel	253,771	-	-	-	253,771	280,815
Travel show costs	102,466	-	-	-	102,466	100,513
	$4,913,029	$42,371	$45,708	$62,328	$5,063,438	$4,994,735

See accompanying notes to financial statements.

Tourism Saskatchewan

Schedule of Membership and Visitor Services Expenses • Year Ended September 30, 2007

SCHEDULE 4

	2007	2006
Amortization	**$137,370**	$127,768
Building rental	**214,562**	247,525
Postage	**195,102**	223,639
Printing, publishing and duplication	**35,379**	28,514
Salaries and benefits	**598,293**	631,450
Telephone	**47,691**	47,121
Travel	**16,125**	16,577
Travel literature	**427,747**	483,875
	$1,672,271	**$1,806,069**

See accompanying notes to financial statements

Proud Partners in Tourism

Global REGINA

PRINTWEST

SaskTel

LEADER-POST

The StarPhoenix

Tourism Saskatchewan

1922 Park Street
Regina, SK S4N 7M4
Phone: (306) 787-9600
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321 - 4th Avenue North
Saskatoon, SK S7K 2L8
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